




State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

TO: STATE MINERAL AND ENERGY BOARD MEMBERS

FROM: FREDERICK D. HECK 
PETROLEUM LANDS DIRECTOR
OFFICE OF MINERAL RESOURCES

DATE: APRIL 11, 2012

LEGAL AND TITLE CONTROVERSY COMMITTEE AGENDA

The regular meeting of the Legal and Title Controversy Committee of the State Mineral and Energy Board will be held on April 11, 2012, following the Audit Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the Agenda are as follows:

1. A request by Swift Energy Operating, LLC for the waiver of all or a portion of the liquidated damage assessments levied on the late partial releases of the following state leases:
 - (a) State Lease No. 18668 in the amount of \$46,400.00, Plaquemines Parish, Louisiana
 - (b) State Lease No. 18669 in the amount of \$46,400.00, Plaquemines Parish, Louisiana.
2. A request by Aspect Resources, LLC and Aspect Energy, LLC for the waiver of all or a portion of the liquidated damage assessments levied on the late assignments of the following state leases:
 - (a) State Lease No. 16046, 16049, and 16051 in the amount of \$1,000.00, St. Mary Parish, Louisiana;

- (b) State Lease No. 15502 in the amount of \$1,000.00, Calcasieu Parish, Louisiana;
 - (c) State Lease No. 15502 in the amount of \$1,000.00, Calcasieu Parish, Louisiana;
 - (d) State Lease No. 16505 and 17721 in the amount of \$1,000.00, Jefferson Davis Parish, Louisiana;
 - (e) State Lease No. 16505 in the amount of \$1,000.00, Jefferson Davis Parish, Louisiana;
 - (f) State Lease No. 17721 in the amount of \$1,000.00, Jefferson Davis Parish, Louisiana; and
 - (g) State Lease No. 18529 in the amount of \$1,000.00, Jefferson Davis Parish, Louisiana.
3. A request by Exco Operating Company, LP and BG US Production Company, LLC for the waiver of all or a portion of the liquidated damage assessment levied on the late partial release of State Lease No. 20356, in the amount of \$3,900.00, Caddo and Desoto Parishes, Louisiana.
4. A request for final approval of an Operating Agreement by and between the State of Louisiana, through the State Mineral and Energy Board and Apache Corporation, to create an operating tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 20.625% before payout, increasing to 21.5 % after payout, in and to the Operating Tract, whereas Operator desires and intends to obtain production from the TUSC RA N VUB; SL 6647 No. 4 Well (Serial No. 228974), containing acres 720.00, more or less, covering a portion of Former State Lease Nos. 6646 and 6647, St. Bernard Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 12-15.
5. A request by Petrohawk Properties, LP for authority to escrow funds in regard to State Lease No. 19887 for royalties attributable to production from Tract 5 of the HA RB SUVV; Wellman 20-13-11 H-1, in Section 20, Township 13 North, Range 11 West, located in Thorn Lake Field, Red River Parish, Louisiana pending resolution of the matter entitled: Chesapeake Louisiana, L.P. vs. The State Mineral and Energy Board of

Louisiana et al, Docket No. 35525, 39th Judicial District Court, Red River Parish, Louisiana.

6. A request by QEP Energy Company for authority to escrow funds in regard State Lease No. 19398 for royalties attributable to production from CV RA SUJ and HA RA SUAA, Thorn Lake Field, Red River Parish, Louisiana, pending resolution of the matter entitled: Chesapeake Operating, Inc. et al vs. The State Mineral and Energy Board of Louisiana et al, Docket No. 35514, 39th Judicial District Court, Red River Parish, Louisiana.
7. Request by the staff to amend the State mineral lease form to include a provision for lease maintenance by payment of an oil in-lieu royalty payment for oil wells shut in under circumstances similar to that provided for shut in gas wells, to amend the lease to reflect a \$50.00 per acre gas shut-in payment, and to amend the Force Majeure language in the lease to include provisions for lease maintenance during force majeure situations by payment of oil in-lieu royalty payments where applicable, and further, to make it Board policy to require the addition of the shut-in oil well provision as well as the amended force majeure clause containing reference to the shut-in oil well provision when any lessee requests the amendment of any State mineral lease.
8. An update by Staff to advise the Board on the status of the joint escrow account with J-W Operating regarding the suit entitled *Devon Energy Production Company v. Gail Norton, et al.*, Docket No. 04-2093 in the United States District Court for the Western District of Louisiana.
9. A request by Staff for authority to amend the State mineral lease to include language which allows a State mineral lessee to submit evidence that a particular State mineral lease will participate in the drilling of an ultra-deep well and thereby have the Board amend the lease by resolution to increase the normal Three (3) year primary term for an inland lease to Five (5) years.
10. Request by Staff for authority to amend the State and State Agency mineral lease form to include language requiring the lessee, his successors and assigns, to report production from or attributable to all or a portion of the lease by LeaseUnitWell (LUW) code and by well serial number, and further, to require, as Board policy, that such language be added any time a State mineral lessee desires to amend an existing State mineral lease.

11. A request by Sunnyside Resources, Inc. (hereinafter "Sunnyside") for a one-year extension of the primary terms of State Lease Nos. 20047, 20048, and 20050 (hereinafter "the Leases"). The Leases were each granted by the State Mineral Board on May 13, 2009, with three (3) year primary terms. Sunnyside requests Board approval for each lease to be amended to provide for a four (4) year primary term on each Lease for a consideration of a full bonus payment for each lease without the requisite increase of 0.5% royalty because the royalty is already at 26.5%.
12. A discussion in executive session of the suit entitled: LLOG Exploration Company, LLC v. State of Louisiana, et al, Docket No. 95360-D, 15th Judicial District Court, Parish of Vermillion, filed on March 13, 2012.
13. A discussion in executive session of the suit entitled: Chesapeake Louisiana, L.P. v. State of Louisiana, et al, Suit No. 3:11-CV-00772-BAJ-SCR, United States District Court, Middle District of Louisiana, as well as the operating agreement originally proposed by Chesapeake.

The Committee may discuss other matters as it desires pursuant to La. R.S. 42:7(A)(1)(b)(ii), including matters which may validly be held in executive session pursuant to La. R. S. 42:6, especially 42:6(1)(A)(2)&(6).